App.F.IX-4]

Key A. Note to be destroyed

1925. 6 File No. G.F. 79-25

Previous References. (G.F.) Serial Nos. 122.

Later references.

G.F. 11-29-13/16

G 7 125-26-1+2

G 7 281-25-2

GENERAL AND REVENUE SECRETARIAT

G 7 46-29-1

G 7 213-25-1+2

G 7 111-32-2

G 2 128-31-27

Serial Nos. 2

Part B for October 1925

SUBJECT

~~Branch~~ Note on the preparation of the Audit and Appropriation report.

Nos. 2

P 39

To The Controller to Govt.
The Secretaries to Govt.
The Auditor Mysore Railways
The Inspector General of Education
The Chief Electrical Engineer

No. FL 2080-9 dated 15th Oct 1925

Issues instructions for the revision of the Audit and

P.T.O.

Serial No

Audit and Appropriation Report.

(6) The Audit and Appropriation Reports submitted by the Comptroller were hitherto dealt with by the Executive Government as the sole authority exercising all financial powers. This position has now changed as Regulation XIX of 1923 has created a new financial authority, viz., the Legislative Council. The financial functions of Government are now divided between two authorities, namely, the Executive Government and the Legislative Council and the Report on the Financial Operations of a year has accordingly to be adapted to the new conditions. The form and substance of the Audit and Appropriation Report require revision and the points arising in this connection have to be settled soon so that the Report for 1924-25 — the first year of the Reformed Constitution — to be submitted to the Public Accounts Committee and the Legislative Council may be compiled by the Comptroller on the lines necessitated by the Reforms.

2. The first point to be considered is the date for the submission of the Report. According to the existing rules, Section 1020, M.A.C.Vol.IV,Pt I, the Report should be printed and submitted to Government not later than 8th December, i.e., about five months after the close of the year to which the Report relates. The action concerning appropriations which has to be taken on this Report is in respect of excesses over grants which the final

Serial No.

;counts disclose. Grants are either "voted" or
)n-voted" and excesses over voted grants have to
e dealt with by the Legislative Council under
ıle 20 of the Rules under the Legislative Coun-
il Regulation and excesses over non-voted grants
r the Executive Government. As regards excesses
ver voted grants, the circumstances in which such
xcesses have occurred have first to be examined
r the Public Accounts Committee and the demands
? for "excess grants" to be submitted to the
egislative Council, should be accompanied by the
ecommendations of the Committee. The voting of
excess grants" may be taken up by the Legislative
)uncil at its session which is summoned about
ebruary and between the 8th of December and the
ession of the Council summoned after that date,
here will be enough time for the consideration of
ne Report by the Executive Government and the
ıblic Accounts Committee in respect of points
rought to notice both in the Audit Report and the
ppropriation Report. The date now prescribed for
ne submission of the Report may ~~xxxxxxxx~~ therefore
tand.

3. In British India two separate Reports — udit and Appropriation — are required to be sub-itted by the Audit Department, the former on 10th eptember, i.e., about five months after the end of ne year, and the latter, on 1st February, i.e., bout ten months after the close of the year to ıch they relate. It is not necessary here to

get

Serial No

get two distinct ~~notes~~ reports on different dates and th present practice of preparing only one Report de ing with both audit and appropriation irregularities may be continued.

4. The functions of the Public Accounts Committee, according to Rule 24 of the Rules under the Legislative Council Regulation, are two:

(i) "to satisfy itself that the money voted by the Council has been spent within the scope of the demand granted by the Council" ;

~~or~~ and

(ii) "to bring to the notice of the Council (i) every re-appropriation from one grant to another grant, and, (ii) every re-appropriation within a grant which is not made in accordance with the rules regarding re-appropriation or which has the effect of increasing the expenditure on an item the provision for which has been specifically reduced by a vote of the Council".

5. The first function is a wide one and acc ing to the practice obtaining in the United Kin dom and followed in British India, it includes consideration of cases of financial irregularities, irregular or unauthorised expenditure, an all points relating to the "wisdom, faithfulnes and economy" of public expenditure. It has als been held that there is nothing to prevent the Committee from going into any matter affecting public expenditure, including expenditure on no voted services, and making a report to the Legi lature, if it considers necessary to do so. I am not quite sure if this position is correct o if we need accept it. Strictly, the Committee

ca

Serial No.

annot, I think, concern itself with the irregularities noticed in regard to non-voted services and its consideration should be limited to the examination of only the points relating to the utilisation of grants voted by the Legislative Council.

The second functi of the Committee relates to objections arising out of audit against appropriatio and the Committee is required to report n only excesses over grants sanctioned by the Legislative Coun cil but also cases o departures from rule regulating re-appropriations laid down by Government.

6. To enable the Committee to perform its duties, the Audit and Appropriation Report will have to be amplified by the insertion of tables showing all grants voted by the Council with ~~kk~~ details under the minor heads, the revision of grants and re-appropriations sanctioned during the year, the expenditure recorded against each minor head and ~~the~~ explanations of all important variations from the original grants.

7. The Report should, in the circumstances stated above, consist of two parts: (1) Audit Report, and, (2) Appropriation Report. As the power of voting supplies is divided between two authorities, viz., the Executive Government and the Legislative Council, the Appropriation Report should be in two sections: (i) dealing with outlay on voted-heads, and, (ii) dealing with ~~only~~ outlay on non-voted heads". A similar distinction is necessary in the Audit Report and the points relating to voted heads may be shown separately from those about non-voted heads.

8. Under the existing system, the Audit and Appropriation Report should have a section dealing with the general review of the ~~xxxxxxxx~~ finances

Serial No

finances of the ~~xx~~ year under report. A simila
section is provided for in the new Audit a n d
Appropriation Reports of Provincial Governments
in British India but not in the similar report
the Central Government. It will be useful to h
a summary of financial results of the year and
present practice in this respect may, therefore
be permitted to continue.

9. Appropriation audit depends upon t h e
accuracy of allocation of expenditure and chang
in classification in accounts are, therefore, c
great importance. A section dealing with these
changes is necessary in the new Report as in th
old, to enable the authorities sanctioning gra
to see if their intentions, as reflected in th
accounts, are being realised.

10. A section noting the action taken upon
vious reports is included in the British India
Reports and we may adopt this arrangement as i
ensures continuous attention to points raised
til they are settled.

11. The Audit and Appropriation Report will
in the circumstances stated above, consist of
the following parts and sections:-

Part I.- Audit Report.

Section 1. - Voted heads.

,, 2. - Non-voted heads.

Part II.- Appropriation Report.

Section 1. - General Financial Revie

Statement 1. Group head
,, 2. Major hea

NOTE—Contn. Sheet

Serial No.

Part II.- Appropriation Report (contd:)

Section 2. - Changes in classification.

,, 3. - Appropriation Accounts - General Remarks.

Statement 1. - Main statement of voted grants ~~in Form A.~~

,, 2. - Subsidiary statement of voted grants by minor heads.

Note.- For Railways, details by abstracts and minor heads sanctioned in Government order No. R.S.2583 dated 21-6-1924 to be given.

,, 3. - Statement of additional and supplementary grants sanctioned by the Legislative Council.

,, 4.- Main Statement of non-voted grants ~~by minor heads~~.

,, 5. - Subsidiary statement of non-voted grants by minor heads.

,, 6. - Additional and supplementary non-voted grants sanctioned by Government.

12. A set of rules to guide the Comptroller in the preparation of the Audit and Appropriation Report is appended. They are based upon the Government of India Rules and have been adapted to our requirements.

13. The Railway Department has its own Audit Office and Audit Branches have recently been formed in the Electrical and Education Departments. Material relating to these three departments

for

NOTE—Contn. Sheet

Serial No

for inclusion in the Audit and Appropriation Report has to be furnished by the Railway Auditor and the Financial Assistants to the Chief Electrical Engineer and the Inspector-General of Education, and this point has been made clear in the rules proposed.

S
B F A.

14. A draft order to the Comptroller for giving effect to the revision proposed is put up

(SEWAN.) Mull 22/9/25.

COMPTROLLER'S OFFICE 22 SEP 1925 BANGALORE

20·G·34-25
22·9·25

The above proposals are forwarded with compliments to the Comptroller for favour of opinion.

Mull 22/9/25

U.O. No. 19 comptd. 1.10.25.
B&A

Noted and returned with compliments.

2. The present prescribed due date for the submission of the report to Government Viz. 8th December which is proposed to be continued is found in practice to be too early. The date prescribed for the final closing of the year's accounts is 31st of October (Art. 754, Mysore Account Code Vol. IV.) and the preparation of the Appropriation report based on the final figures for the year can be commenced only after the final accounts are ready. Only a month after the accounts are closed, is hardly sufficent for preparing the report and getting it printed for submission to Government. In Government of India a period of six months after the date prescribed for the closing of

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the accounts is allowed to the Provincial Accountants General for the submission of the Appropriation report.(Art.824 of Audit Code) I think it quite necessary in the circumstances that the time allowed should be extended by atleast one month and I beg to suggest that the report may be required to be submitted by the 8th January.

I have altered Rule 1 accepting this Suggestion
Mull 9-10-25

3. For the preparation of the statements to be submitted with the Appopriation Report the Government of India forms will for the present be adopted with suitable adoptations if any, before finally fixing the forms in the light of experience to be gained.

This may be done
Mull
9.10.25

4. Rules 7, 13 and 14, which are in conformity with the old rules in the Government of India Audit Code may if approved be modified with reference to the changes since made by the Government of India and embodied in Correction Slips Nos.14, 53,54 and 55 to the Audit Code. I send herewith my copy of the Code for ready reference and kind return.

Changes incorporated in the Rules.
Mull
9.10.25

J. Satyanarayana Chetty
Comptroller.

May be returned to Comptroller
Mull
9.10.25

P.S. An advance copy of the rules as finally approved may be sent to us before the Code is issued to enable us to take immediate action.

The Comptroller proposes fixing the date of the submission of the report as 8th Jany. This may be done in view of the difficulties

NOTE—Contn. Sheet

Serial No

pointed out by him. He will also have to get incorporate the portions relating to Govt., Steel & Railways. This will take some time.

The Comptroller states that he will submit a printed report by the 8th Jan. I do not know how far this will be possible. But if he could do it so much the better. In view of the fact that prior to before placing the report before the Public Accounts Committee the Govt would have to peruse the report it is necessary that he should send the report by the date fixed since otherwise Govt would have very little time to consider the report.

The revised date - 8th January has to be adhered to
Mes
9.10.25

C.O. Please Bring up
B

The date for the meetings of the Pub: Accts Committee do not appear to have been fixed. Perhaps the meeting may be held ~~in June~~ by the end of Feby since Budget work begins by 1st mar. & the Finance dept as also other departments of Govt will be very busy.

No particular date or dates can be fixed for all years. Some Committees date with ref to the timing each year will have to be fixed for the consideration of this Report by the P Accts Committee
Mes
9.10.25

The other alternative would be to hold the meeting after the 20th may by which time Budget work would practically have been over.

Re the corrections proposed by the Comptroller in ~~Serial No~~ I have indicated the corrections in pencil in the draft. Para 13 & Add. (e) in Page 4 may be accepted. (Page 9 of the rules) may be retained by us as we have no article corresponding to art. 161 in the Audit code. Para 14 may also remain. It is not clear why Para 14 is deleted

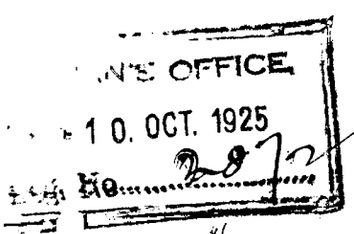
Mes rules

ich has been Cancelled in Bor. India may
Yes mes

Serial No

may be omitted -
The position of Comptr in Mysore is different from that of Auditor General in British India
Mark 9/10/25

Will above



Fit in Audit code to comptr
Finance State

Bz
13/10

Returned

Pz
19/10/25

in the audit code. It is a wholesome rule it is submitted to empower the Comptroller to report cases where he considers the action taken by the Executive Government as insufficient.

Bz
2/10

Fin (Secy)

Attention is invited to Note of 22-9-25. The Suggestions of the Comptr have been incorporated in the Rules. Draft C&O and Rules may be appd.
Mark 9-10-25
Bz
Dewan

13-10

Please come very early
Mark
13.10.25

9/10

2

Do the Comptr
" Secretaries to Govt
Auditor Mys Regs
D.G. & Dirs
Ch. El. Engrs
Ano No 2000-9..dated 8th Oct 1925

Issues instructions for the revision preparation of the Audit & Appropriation Reports and lays down a set of rules for preparing it.

Draft G.O.

G.F-79-25-2

Proceedings of the Government of His Highness the Maharaja of Mysore.

Order No. H 2080-49/

Dated, Bangalore, the 15-12-1925.

In view of the power of voting supplies conferred upon the Legislative Council and of the classification of expenditure under the two categories, voted and non-voted, the form and substance of the Audit and Appropriation Report require revision. Government are accordingly pleased to direct that this Report be prepared on the lines laid down in this order, commencing with that for the year 1924-25.

2. The parts and sections of the Report will be as under:-

Part I. Audit Report.

Section 1. Voted heads.

,, 2. Non-voted heads.

Part II. Appropriation Report.-

Section 1. General Financial Review.

Statement 1. Group heads.

,, 2. Major heads.

,, 2. Changes in classification.

,, 3. Appropriation Accounts - General Remarks.

Statement 1. - Main statement of voted grants.

2. - Subsidiary statement of voted grants by minor heads.

Note.- For Railways, details by abstracts and minor heads sanctioned in G.O. No. R.S.2563 dated 21-6-1924 to be given.

Part II. - Appropriation Report. (contd.)

Section 3. Appropriation Accounts - ~~General Remarks~~.(contd.)

Statement 3. - Statement of additional and supplementary grants sanctioned by the Legislative Council.

,, 4. - Statement of non-voted grants.

,, 5. Subsidiary statement of non-voted grants by minor heads.

,, 6. - Additional and supplementary non-voted grants sanctioned by Government.

3. A set of Rules for guidance in preparing the Report is appended to this order.

S.

1310

22/9/25

Financial Secretary to Govt.

To

The Comptroller to Government.
~~Other Heads of Departments~~.
The Secretaries to Government.
~~Deputy Commissioners of Districts~~.
The Director Mysore Rys
The Dy of Education
The Chief Electrical Engineer.

(A)

The Report will be in two parts. The first part which should be named the "Audit Report" should deal with the following subjects:-

Part I. - Audit Report.

Section 1. Voted Heads.

,, 2. Non-voted Heads.

The second part which should be called the "Appropriation Report" should deal with the following subjects:-

Section 1.- General Financial Review.

Statement. 1 Group Heads.

,, 2. Major heads.

,, 2.- Changes in classification.

,, 3.- Appropriation Accounts - General Remarks.

Statement 1.- Main statement of voted grants.

,, 2.- Subsidiary statement of voted grants by minor heads.

Note.- For Railways, details by abstracts and minor heads sanctioned in G.O.No. R.S. 2583 dated 21-6-24 to be given.

,, 3.- Statement of additional and supplementary grants sanctioned by the Legislative Council.

,, 4.- Main Statement of non-voted grants.

,, 5.- Subsidiary statement of non-voted grants by minor heads.

,, 6.- Additional and supplementary non-voted grants sanctioned by Government.

Draft Rules

AUDIT AND APPROPRIATION REPORT.

The Comptroller should submit ~~in the first week of December~~ on or before 8th January to Government in the Finance Department an Audit and Appropriation Report annually in respect of the financial transactions of the Government. The material for the preparation of this report, in so far as it relates to the Railway, Education and Electrical Departments, should be furnished to the Comptroller by the Auditor and the Financial Assistants to the Inspector General of Education and the Chief Electrical Engineer within the time prescribed by the Comptroller.

Insert (A)

2. The Audit part of the Report should deal with the following subjects:-

(i) individual important cases of financial irregularity which have been duly considered by the Government since the issue of the last Report;

(ii) the Comptroller's general remarks relating to the work of the Audit Department, etc., including special features of the work done during the year under review;

(iii) the statistics of expenditure placed under objection excluding the objections relating to appropriations;

(iv) an analysis of objections (excluding those in respect of appropriations) outstanding on the ~~30th September~~ 31st October following the year under review; and

(v) comments on the expenditure incurred in June, and

(vi) a review of stores balances and results of stock verification in the case of the Public Works, Railway, Electrical and other Departments having large stores transactions.

FINANCIAL IRREGULARITY.

3. Subject (i) is of considerable importance and should be dealt with carefully. This section of the report deals with classes of financial irregularities which were specially prominent during the year under review, as well as other serious financial irregularities. The following instructions should receive special attention:-

(a) Individual instances should be grouped according to the nature of the irregularities, and in dealing with each class it should be stated whether the Government has issued any general orders on the subject, and, if so, what effect those orders have produced.

(b) Only cases of irregularity which are really important, e.g., those involving serious breaches of rules or orders leading to, or likely to lead to, losses of public money, or serious breaches of audit procedure or safeguards, need be mentioned. P e t t y cases should be omitted unless there is a number of them against a single individual, or they are frequent, and their cumulative effect is thus serious.

(c) It is not sufficient merely to quote the rule or the order violated; the substance of the rule or order, and the actual or the possible effect of the violation of it on the financial interests of Government should be explained as as to be intelligible to an outsider.

(d) In cases of loss to Government, the amount of the loss which actually occurred should be mentioned. If there be no actual loss, but if the action taken be such as to entail risk of loss, the manner in which the loss might have occurred may be briefly explained.

(e) As far as possible the aim should be to give a clear and correct account of all irregularities in plain language so that an outsider, not versed in the details of audit and accounts, may understand how the interest of the tax-payer is affected by the items brought to notice. Technical expressions should seldom be used, and when used should be explained in ~~pa~~ plain language. Routine and stereotyped description should be avoided.

(f) Only relevant points which directly bear on the nature and extent of the irregularity should be mentioned and the report should be based on facts and not on inferences. Dates and figures should be given only when they are necessary for a clear presentation of the case. It is not necessary to give a narrative account of how an irregularity has been discovered.

(g) The report must be anonymous. Thus, the name of the official personally responsible, should never be mentioned, nor should his designation be mentioned if that indicates without any doubt the individual personally responsible. With these precautions, however, the report should always indicate what official or officials are responsible

responsible for an irregularity.

(h) Care should be taken to avoid undue asperity in the comments made.

(i) Sub-judice cases should never be mentioned if such mention can in any way prejudice the claim or defence in the law court.

(j) Whenever the disciplinary action taken is considered inadequate a remark should be added showing the reasons for such an opinion. When the action taken is considered adequate, no comment or remark is necessary.

(k) In addition to the classified enumeration of individual instances, there should be separate general remarks in the report as to the classes of irregulairy that prevailed during the year and the steps, if any, taken with a view to avoiding any particular class of irregularity or to ensuring greater financial regularity in general, and the tendency of the Government and the controlling authorities subordinate to it, with regard to the enforcement of disciplinary action. The Comptroller should add his own obwervations as to the effect of the measures already taken and his suggestions for any further measures that he may deem necessary. The disciplinary action taken since the issue of the previous report on the cases mentioned therein or in any of the reports for the preceding year should be given separately.

4. It is important that as many cases as possible

possible of serious irregularities noticed during the year under review should be embodied in the earliest report thereafter.

5. Cases of irregularity should not be included in the report, except with the special sanction of the Government, before the Government has passed orders thereon. The Comptroller should therefore take such action as may be necessary in each case, to expedite the settlement of such cases with a view to their inclusion in the earliest Audit Report. Cases of serious irregularities noticed at inspections should also be dealt with according to this rule.

6. In making reports to the Government of particularly bad cases, the Comptroller should suggest such action as may appear to be suitable.

AUDIT ACTIVITIES.

7. In dealing with subject (ii), the special energies of the Audit Department during the year under review should be mentioned. This section of the report should include inter-alia brief information about the following points:-

(a) Inspection of offices and treasuries and any specially noticeable results derived therefrom.

(b) Any special work done in connection with the initial accounts of departmental officers, or accounts of quasi-commercial undertakings, and so forth.

(c) Important changes in the account and audit or financial rules or procedure which affected the work of the Department.

(d) Any special work imposed upon the Audit Office by any special circumstances, showing its nature and the estimated period for which it may continue.

(e) any directions in which the existing procedure has been found in Audit to be defective or in which misapprehension existed, explaining where the defects lay & what the remedies were. Mull 9.10.25

(f) Any other point of interest worth notice in the report.

(g) How far the matters noticed in the last report have been settled.

Correction slip No 14 of 1.10.25 has been omitted here.

STATISTICS AND ANALYSIS OF OBJECTIONS ~~AND JUNE EXPENDITURE~~

8. In the section relating to subject (iii), i.e., statistics of expenditure placed under objection, the following points should receive special attention:-

(a) All objections (excluding those relating to appropriations) raised in the accounts for the year under review should be shown, including those raised in the accounts for June final.

(b) The expenditure placed under objection should be reviewed separately for the Public Works, Railway, Electrical and Education Departments and for other departments, and in the case of the Public Works Department, the statistics relating to Civil Works transactions should be shown separately from those relating to Irrigation Works.

(c) Any marked variations in the balance outstanding on the 30~~th September~~ 31st October as compared with the preceding year, should be explained. This balance should also be analysed according to the years to which the objections relate and suitable comments offered in regard to old outstandings. In the cases of unusual delay

delay in settlement it should be stated why the delay occurred and what measures, if ~~any~~ have been taken by the Audit Department and the Executive, respectively, to put a stop to it.

(d) The percentage of the amounts placed under objection, representing substantial deviation from rules (excluding amounts objected to under more than one head of objections), to the total expenditure should be brought out, and any marked variations as compared with the preceding year, should be explained. If the percentage is very high, the reasons for, or any special features of, this high percentage should be clearly explained.

(e) Similarly, in the case of the Public Works Department, the percentage of the number of works started without sanctioned estimates to the total number of works started, should be shown in respect of --

(1) Original Works,

(2) Special Repairs, and

(3) Ordinary Repairs,

each separately, and commented on in the same manner.

In commenting on the percentage, if it is very high, the Comptroller should collect such supplementary statistics as may give a clearer idea of the degree of irregularity than merely this percentage would do. For instance, the average period of the continuance of this type of irregularity may be stated, or, expenditure incurred without estimate under written orders of

case should be given,e.g., (1) the identity of the transactions, (2) the nature and magnitude of the irregularity, (3) the extenuating circumstances, if any, (4) the factor in the system or the agent responsible, (5) the remedial or preventive measures adopted, and (6) the adequacy of such remedial or preventive measures.

SUBMISSION AND DISPOSAL OF AUDIT REPORT.

13. THE Finance Department of the Government will take into consideration ~~will see that due effect is given~~ to any recommendations or orders of the Public Accounts Committee or the Legislative Council and forward to the Comptroller the report of the Public Accounts Committee and the recommendations of the Legislative Council thereon, and any orders that may be passed by the Government as the executive authority giving effect to the views of the Legislative Council.

13 & 16 These have been cancelled. But that is because the same ruling has been included in art 161.

Omit ~~14~~ 14 Mull 9-10-25

14. It will be open to the Comptroller in the next Audit Report, to indicate the action which has been taken in respect of cases previously brought to notice and to comment on the adequacy of the action.

APPROPRIATION REPORT.

15. The Appropriation part of the Report deals with --

(i) General Financial Review,

(ii) Changes of classification in the accounts,

(iii) Appropriation Accounts and explanations for excesses, and

(iv) Results of appropriation audit on behalf of the Executive Government.

that expenditure has been incurred within the scope of the demands granted by the Legislature or the Government, and all comments and explanations should be framed with this object in view.

22/9/25

Government of His Highness the Maharaja of Mysore.

FINANCIAL DEPARTMENT.

G. O. No. Fl. 2080-9—G. F. 79-25-2, dated 15th October 1925.

Audit and Appropriation Report.

Indicates the lines on which the —— commencing with that for 1924-25 should be revised and appends a set of rules for guidance in preparing the report.

ORDER NO. FL. 2080-9—G. F. 79-25-2, DATED 15TH OCTOBER 1925.

In view of the power of voting supplies conferred upon the Legislative Council and of the classification of expenditure under the two categories, voted and non-voted, the form and substance of the Audit and Appropriation Report require revision. Government are accordingly pleased to direct that this Report be prepared on the lines laid down in this order, commencing with that for the year 1924-25.

2. The parts and sections of the Report will be as under:—

Part I. Audit Report.—

Section 1. Voted heads.

Do 2. Non-voted heads.

Part II. Appropriation Report.—

Section 1. General Financial Review.

Statement 1. Group heads.

Do 2. Major heads.

Do 2. Changes in classification.

Do 3. Appropriation Accounts—General Remarks.

Statement 1. Main statement of voted grants.

Statement 2. Subsidiary statement of voted grants by minor heads.

Note.—For Railways, details by abstracts and minor heads sanctioned in Government Order No. R. S. 2583, dated 21st June 1924 to be given.

Statement 3. Statement of additional and supplementary grants sanctioned by the Legislative Council.

Statement 4. Main statement of non-voted grants.

Statement 5. Subsidiary statement of non-voted grants by minor heads.

~~*Part II. Appropriation Report (Continued).*~~

~~Section 3. Appropriation Account concluded.~~

Statement 6. Additional and supplementary non-voted grants sanctioned by Government.

3. A set of Rules for guidance in preparing the Report is appended to this order.

M. N. KRISHNA RAO,
Financial Secretary to Government.

To—The Comptroller, Mysore Government.
The Secretaries to Government.
The Auditor, Mysore Railways.
The Inspector-General of Education in Mysore.
The Chief Electrical Engineer in Mysore.

Exd—P. S. R. N.

No. FL. 2080-9—G. F. 79-25-2, DATED 15TH OCTOBER 1925.

RULES FOR PREPARING THE AUDIT AND APPROPRIATION REPORT.

The Comptroller should submit on or before 8th January to Government in the Finance Department an Audit and Appropriation Report annually in respect of the financial transactions of the Government. The material for the preparation of this report, in so far as it relates to the Railway, Education and Electrical Departments, should be furnished to the Comptroller by the Auditor and the Financial Assistants to the Inspector-General of Education and the Chief Electrical Engineer within the time prescribed by the Comptroller.

The Report will be in two parts. The first part which should be named the "Audit Report" should deal with the following subjects:—

Part I.—Audit Report.

Section 1. Voted heads.
Do 2. Non-voted heads.

The second part which should be called the "Appropriation Report" should deal with the following subjects:—

Section 1. General Financial Review.
Statement. 1. Group heads.
Do 2. Major heads.
Do 2. Changes in classification.
Do 3. Appropriation Accounts-General Remarks.
Statement 1. Main statement of voted grants.
Statement 2. Subsidiary statement of voted grants by minor heads.

Note.—For Railways, details by abstracts and minor heads sanctioned in Government order No. R. S. 2583, dated 21st June 1924, to be given.

Statement 3. Statement of additional and supplementary grants sanctioned by the Legislative Council.
Statement 4. Main statement of non-voted grants.
Statement 5. Subsidiary statement of non-voted grants by minor heads.
Statement 6. Additional and supplementary non-voted grants sanctioned by Government.

2. The Audit part of the Report should deal with the following subjects:—

(i) individual important cases of financial irregularity which have been duly considered by the Government since the issue of the last Report;

(ii) the Comptroller's general remarks relating to the work of the Audit Department, etc., including special features of the work done during the year under review;

(iii) the statistics of expenditure placed under objection excluding the objections relating to appropriations;

(iv) an analysis of objections (excluding those in respect of appropriations) outstanding on the 31st October following the year under review;

(v) comments on the expenditure incurred in June, and

(vi) a review of stores balances and results of stock verification in the case of the Public Works, Railway Electrical and other Departments having large stores transactions.

No. FL. 2080-9—G. F. 79-25-2, DATED 15TH OCTOBER 1925.

FINANCIAL IRREGULARITY.

3. Subject (i) is of considerable importance and should be dealt with carefully. This section of the report deals with classes of financial irregularities which were specially prominent during the year under review, as well as other serious financial irregularities. The following instructions should receive special attention:—

(*a*) Individual instances should be grouped according to the nature of the irregularities and in dealing with each class it should be stated whether the Government has issued any general orders on the subject, and, if so, what effect those orders have produced.

(*b*) Only cases of irregularity which are really important, *e.g.*, those involving serious breaches of rules or orders leading to, or likely to lead to, losses of public money, or serious breaches of audit procedure or safeguards, need be mentioned. Petty cases should be omitted unless there is a number of them against a single individual, or they are frequent, and their cumulative effect is thus serious.

(*c*) It is not sufficient merely to quote the rule or the order violated ; the substance of the rule or order, and the actual or the possible effect of the violation of it on the financial interests of Government should be explained so as to be intelligible to an outsider.

(*d*) In cases of loss to Government, the amount of the loss which actually occurred should be mentioned. If there be no actual loss, but if the action taken be such as to entail risk of loss, the manner in which the loss might have occurred may be briefly explained.

(*e*) As far as possible the aim should be to give a clear and correct account of all irregularities in plain language so that an outsider, not versed in the details of audit and accounts, may understand how the interest of the tax payer is affected by the items brought to notice. Technical expressions should seldom be used, and when used should be explained in plain language. Routine and stereotyped description should be avoided.

(*f*) Only relevant points which directly bear on the nature and extent of the irregularity should be mentioned and the report should be based on facts and not on inferences. Dates and figures should be given only when they are necessary for a clear presentation of the case. It is not necessary to give a narrative account of how an irregularity has been discovered.

(*g*) The report must be anonymous. Thus, the name of the official personally responsible should never be mentioned, nor should his designation be mentioned if that indicates without any doubt the individual personally responsible. With these precautions, however the report should always indicate what official or officials are responsible for an irregularity.

(*h*) Care should be taken to avoid undue asperity in the comments made.

(*i*) *Sub-judice* cases should never be mentioned if such mention can in any way prejudice the claim or defence in the law court.

(*j*) Whenever the disciplinary action taken is considered inadequate a remark should be added showing the reasons for such an opinion. When the action taken is considered adequate, no comment or remark is necessary.

(*k*) In addition to the classified enumeration of individual instances, there should be separate general remarks in the report as to the classes of irregularity that prevailed during the year and the steps, if any, taken with a view to avoiding any particular class of irregularity or to ensuring greater financial regularity in general, and the tendency of the Government and the controlling authorities subordinate to it, with regard to the enforcement of disciplinary action. The Comptroller should add his own observations as to the effect of the measures already taken and his suggestions for any further measures that he may deem necessary. The disciplinary action taken since the issue of the previous report on the cases mentioned therein or in any of the reports for the preceding year should be given separately.

4. It is important that as many cases as possible of serious irregularities noticed during the year under review should be embodied in the earliest report thereafter.

5. Cases of irregularity should not be included in the report, except with the special sanction of the Government, before the Government has passed orders thereon. The Comptroller should therefore take such action as may be necessary in each case, to expedite the settlement of such cases with a view to their inclusion in the earliest Audit Report. Cases of serious irregularities noticed at inspections should also be dealt with according to this rule.

6. In making reports to the Government of particularly bad cases, the Comptroller should suggest such action as may appear to be suitable.

7. *Audit Activities.* – In dealing with subject (ii), the special energies of the Audit Department during the year under review should be mentioned. This section of the report should include *inter-alia* brief information about the following points:—

(*a*) Inspection of offices and treasuries and any specially noticeable results derived therefrom.

(*b*) Any special work done in connection with the initial accounts of departmental officers, or accounts of commercial or *quasi*-commercial undertakings, and so forth.

(*c*) Important changes in the account and audit or financial rules or procedure which affected the work of the Department.

(*d*) Any special work imposed upon the Audit Office by any special circumstances, showing its nature and the estimated period for which it may continue.

(*e*) Any directions in which the existing procedure has been found in audit to be defective or in which misapprehension existed, explaining where the defects lay and what the remedies were.

(*f*) Any other point of interest worth notice in the report.

(*g*) How far the matters noticed in the last report have been settled.

8. *Statistics and Analysis of Objections.*—In the section relating to subject (iii), *i.e.*, statistics of expenditure placed under objection, the following points should receive special attention:—

(*a*) All objections (excluding those relating to appropriations) raised in the accounts for the year under review should be shown, including those raised in the accounts for June final.

(*b*) The expenditure placed under objection should be reviewed separately for the Public Works, Railway, Electrical and Education Departments and for other Departments and in the case of the Public Works Department, the statistics relating to Civil Works transactions should be shown separately from those relating to Irrigation Works.

(*c*) Any marked variations in the balance outstanding on the 31st October as compared with the preceding year, should be explained. This balance should also be analysed according to the years to which the objections relate and suitable comments offered in regard to old outstandings. In the cases of unusual delay in settlement it should be stated why the delay occurred and what measures, if any have been taken by the Audit Department and the Executive, respectively, to put a stop to it.

(*d*) The percentage of the amounts placed under objection, representing substantial deviation from rules (excluding amounts objected to under more than one head of objections), to the total expenditure should be brought out, and any marked variations as compared with the preceding year, should be explained. If the percentage is very high, the reasons for, or any special features of, this high percentage should be clearly explained.

(*e*) Similarly, in the case of the Public Works Department, the percentage of the number of works started without sanctioned estimates to the total number of works started, should be shown in respect of:—

(1) Original Works,
(2) Special Repairs, and
(3) Ordinary Repairs,

each separately, and commented on in the same manner.

In commenting on the percentage, if it is very high, the Comptroller should collect such supplementary statistics as may give a clearer idea of the degree of irregularity than merely this percentage would do. For instance, the average period of the continuance of this type of irregularity may be stated, or, expenditure incurred

without estimate under written orders of superior authority may be distinguished from that incurred without even such authority.

9. The analysis of outstanding objections subject (iv) should be made according to the classification of objections as adopted in the Objection Book and such comments should be made thereon as the analysis, or a comparison of the figures with those of previous years, may suggest.

10. *June expenditure.*—The comments on subject (v)—expenditure incurred in June—should indicate the types of irregularities most frequently committed towards the end of the year, and the remedies which the Comptroller considers necessary in the circumstances.

11. *Stores Transactions.*—The report on subject (vi) should state if reports of verification have been received, if the total according to stores ledgers agrees with the amount at debit of stores in the general books, if the rates at which articles are priced in the ledgers are not in excess of current rates of purchase or of actual cost price and if the rules relating to depreciation and to obsolete and surplus articles have been observed.

12. *Miscellaneons Instructions.*—The report should be self-contained in respect of all matters dealt with therein. If it is necessary to refer to any correspondence a brief abstract of the correspondence should be given without quoting reference to number and date of the correspondence. All details necessary for a clear and succinct statement of a case should be given, *e. g.*, (1) the identity of the transactions, (2) the nature and magnitude of the irregularity, (3) the extenuating circumstances, if any, (4) the factor in the system or the agent responsible, (5) the remedial or preventive measures adopted, and (6) the adequacy of such remedial or preventive measures.

13. *Submission and disposal of Audit Report.*—The Finance Department of the Government will take into consideration any recommendations or orders of the Public Accounts Committee or the Legislative Council and forward to the Comptroller the report of the Public Accounts Committee and the recommendations of the Legislative Council thereon, and any orders that may be passed by the Government as the executive authority giving effect to the views of the Legislative Council.

14. *Appropriation Report.*—The Appropriation part of the Report deals with:—

(i) General Financial Review,
(ii) Changes of classification in the accounts,
(iii) Appropriation Accounts and explanations for excesses, and
(iv) Results of appropriation audit on behalf of the Executive Government.

15. *General Financial Review.*—In this section, the general results of the year under report should be reviewed, actuals compared with Budget estimates and actuals for the previous year and attention drawn to the broad features of the finances of the year.

16. *Changes in Classification.*—All changes in the accounts classification sanctioned or effected during the year, whether under the orders of the Comptroller himself, or under those of the Government should be mentioned in section (ii) of the report, with the reasons for the changes in each case so that a complete record of the changes made from time to time may be available in the Appropriation Reports.

17. *Appropriation Accounts.*—In section (iii) will be printed appropriation accounts and explanations for excesses over grants. Voted and non-voted items should be shown in separate statements. Each statement should be in two parts, *i.e.*, (1) a consolidated statement by grants and (2) a subsidiary statement of grants by minor heads, leading up to the figures in Part (1).

The figures of actual expenditure in these statements should be the final figures as they stand after the accounts of the year to which they appertain have been closed. Every endeavour should be made to include all journal entry transactions in these figures. The object of these statements is to enable the Public Accounts Committee and the Government to satisfy themselves that expenditure has been incurred within the scope of the demands granted by the Legislature or the Government, and all comments and explanations should be framed with this object in view.

W. D.—782 G.B.B.—340—31-10-25.

Proceedings of the Government of His Highness the Maharaja of Mysore.

Order No.

Dated Bangalore the October 1925.

In view of the power of voting supplies conferred upon the Legislative Council and of the classification of expenditure under the two categories, voted and non-voted, the form and substance of the Audit and Appropriation Report require revision. Government are accordingly pleased to direct that this Report be prepared on the lines laid down in this order, commencing with that for the year 1924-25.

2. The parts and sections of the Report will be as under :-

Part I. Audit Report.

Section 1. Voted heads.

" 2. Non-voted heads.

Part II. Appropriation Report.

Section 1. General Financial Review.

Statement 1. Group heads.

" 2. Major heads.

" 2. Changes in classification.

" 3. Appropriation Accounts-General Remarks.

Statement 1. Main statement of voted grants.

2. Subsidiary statement of voted grants by minor heads.

Note.- For Railways, details by abstracts on minor heads sanctioned in Government order No. R.S. 2583 dated 21st June 1924 to be given.

Statement 3. Statement of additional and supplementary grants sanctioned by the Legislative Council.

Statement 4. Main statement of non-voted grants.

Statement 5. Subsidiary statement of non-voted grants by minor heads.

Part II. - Appropriation Report.(Continued)

Section 3 - Appropriation Account - (Concluded)

Statement 6.- Additional and supplementary non-voted grants sanctioned by Government.

3. A set of Rules for guidance in preparing the Report is appended to this order.

Financial Secretary to Government.

To

The Comptroller, Mysore Government.
The Secretaries to Government.
The Auditor, Mysore Railways.
The Inspector General of Education in Mysore.
The Chief Electrical Engineer in Mysore.

MK.8.

Statement 5.- Subsidiary statement of non-voted grants by minor heads.

" 6.- Additional and supplementary non-voted grants sanctioned by Government.

2. The Audit part of the Report should deal with the following subjects :-

(i) individual important cases of financial irregularity - which have been duly considered by the Government since the issue of the last Report;

(ii) the Comptroller's general remarks relating to the work of the Audit Department, etc., including special features of the work done during the year under review ;

(iii) the statistics of expenditure placed under objection - excluding the objections relating to appropriations;

(iv) an analysis of objections (excluding those in respect of appropriations) outstanding on the 31st October - following the year under review; and

(v) comments on the expenditure incurred in June, and

(vi) a review of stores balances and results of stock - verification in the case of the Public Works, Railway Electrical and other Departments having large stores - transactions.

FINANCIAL IRREGULARITY.

3. Subject (i) is of considerable importance and should be dealt with carefully. This section of the report deals with classes of financial irregularities which were especially - prominent during the year under review, as well as other - serious financial irregularities. The following instructions should receive special attention :-

(a) Individual instances should be grouped according to the nature of the irregularities and in dealing with each - class it should be stated whether the Government has - issued any general orders on the subject, and, if so,

what effect those orders have produced.

(b) Only cases of irregularity which are really important, e.g., those involving serious breaches of rules or orders leading to, or likely to lead to, losses of public money, or serious breaches of audit procedure or safeguards, need be mentioned. Petty cases should be omitted unless there is a number of them against a single individual, or they are frequent, and their cumulative effect is thus serious.

(c) It is not sufficient merely to quote the rule or the order violated; the substance of the rule or order, and the actual or the possible effect of the violation of it on the financial interests of Government should be explained so as to be intelligible to an outsider.

(d) In cases of loss to Government, the amount of the loss which actually occurred should be mentioned. If there be no actual loss, but if the action taken be such as to entail risk of loss, the manner in which the loss might have occurred may be briefly explained.

(e) As far as possible the aim should be to give a clear and correct account of all irregularities in plain language so that an outsider, not versed in the details of audit and accounts, may understand how the interest of the taxpayer is affected by the items brought to notice. Technical expressions should seldom be used, and when must used should be explained in plain language. Routine and stereotyped description should be avoided.

(f) Only relevant points which directly bear on the nature and extent of the irregularity should be mentioned and the report should be based on facts and not on inferences. Dates and figures should be given only when they are necessary for a clear presentation of the case. It is not necessary to give a narrative account of how an irregularity has been discovered.

(g) The report must be anonymous. Thus, the name of the official personally responsible should never be mentioned, nor should his designation be mentioned if that indicates without any doubt the individual personally responsible. With these precautions, however the report should always indicate what official or officials are responsible for an irregularity.

(h) Care should be taken to avoid undue asperity in the comments made.

(i) Sub-judice cases should never be mentioned if such mention can in any way prejudice the claim or defence in the law court.

(j) Whenever the disciplinary action taken is considered inadequate a remark should be added showing the reasons for such an opinion. When the action taken is considered adequate, no comment or remark is necessary.

(k) In addition to the classified enumeration of individual instances, there should be separate general remarks in the report as to the classes of irregularity that prevailed during the year and the steps, if any, taken with a view to avoiding any particular class of irregularity or to ensuring greater financial regularity in general, and the tendency of the Government and the controlling authorities subordinate to it, with regard to the enforcement of disciplinary action. The Comptroller should add his own observations as to the effect of the measures already taken and his --- suggestions for any further measures that he may deem necessary. The disciplinary action taken since the issue of the previous report on the cases mentioned therein or in any of the reports for the preceding year should be given separately.

4. It is important that as many cases as possible of serious irregularities noticed during the year under review should be embodied in the earliest report thereafter.

5. Cases of irregularity should not be included in the report except with the special sanction of the Government, before the Government has passed orders thereon. The Comptroller should therefore take such action as may be necessary in each case, to expedite the settlement of such cases with a view to their inclusion in the earlie Audit Report. Cases of serious irregularities noticed at inspections should also be dealt with according to this rule.

6. In making reports to the Government of particularly bad cases, the Comptroller should suggest such action as may appear to be suitable.

AUDIT ACTIVITIES.

7. In dealing with subject (ii), the special energies of the Audit Department during the year under review should be mentioned. This section of the report should include inter-alia brief information about the following points:-

(a) Inspection of offices and treasuries and any specially noticeable results derived therefrom.

(b) Any special work done in connection with the initial accounts of departmental officers, or accounts of commercial or quasi-commercial undertakings, and so forth.

(c) Important changes in the account and audit or financial rules or procedure which affected the work of the Department.

(d) Any special work imposed upon the Audit Office by any special circumstances, showing its nature and the estimated period for which it may continue.

(e) Any directions in which the existing procedure has been found in audit to be defective or in which misapprehention existed, explaining where the defects lay and what the remedies were.

(f) Any other point of interest worth notice in the report.

(g) How far the matters noticed in the last report have been

been settled.

STATISTICS AND ANALYSIS OF OBJECTIONS.

8. In the section relating to subject (iii), ie. statistics of expenditure placed under objection, the following points should receive special attention:-

(a) All objections (excluding those relating to appropriations) raised in the accounts for the year under review should be shown, including those raised in the accounts for June final.

(b) The expenditure placed under objection should be reviewed separately for the Public Works, Railway, Electrical and Education Departments and for other Departments and in the case of the Public Works Department, the statistics relating to Civil Works transactions should be shown separately from those relating to Irrigation Works.

(c) Any marked variations in the balance outstanding on the 31st October as compared with the preceding year, should be explained This balance should also be analysed according to the years to --- which the objections relate and suitable comments offered in regard to old outstandings. In the cases of unusual delay in settlement it should be stated why the delay occurred and what measures, if any have been taken by the Audit Department and the Executive, respectively, to put a stop to it.

(d) The percentage of the amounts placed under objection, representing substantial deviation from rules (excluding amounts --- objected to under more than one head of objections), to the total expenditure should be brought out, and any marked variations as compared with the preceding year, should be explained. If the percentage is very high, the reasons for, or any special features of, this high percentage should be clearly explained.

(e) Similarly, in the case of the Public Works Department, the

the percentage of the number of works started without sanctioned --- estimates to the total number of works started, should be shown in respect of --

(1) Original Works,

(2) Special Repairs, and

(3) Ordinary Repairs,

each separately, and commented on in the same manner.

In commenting on the percentage, if it is very high, the Comptroller should collect such supplementary statistics as may give a clearer idea of the degree of irregularity than merely this percentage would do. For instance, the average period of the continuance of this type of irregularity may be stated, or, expenditure incurred without estimate under written orders of superior authority may be distinguished from that incurred without even such authority.

9. The analysis of outstanding objections - subject (iv) -- should be made according to the classification of objections as adopted in the Objection Book and such comments should be made thereon as the analysis, or a comparison of the figures with those of previous years, may suggest.

JUNE EXPENDITURE.

10. The comments on subject (v) -- expenditure incurred in June -- should indicate the types of irregularities most frequently committed towards the end of the year, and the remedies which the Comptroller considers necessary in the circumstances.

STORES TRANSACTIONS.

11. The report on subject (vi) should state if reports of verification have been received, if the total according to stores ledger agrees with the amount at debit of stores in the general books, if the rates at which articles are priced in the ledgers are not in

excess

excess of current rates of purchase or of actual cost price and if the rules relating to depreciation and to obsolete and surplus articles have been observed.

MISCELLANEOUS INSTRUCTIONS.

12. The report should be self-contained in respect of all matters dealt with therein. If it is necessary to refer to any correspondence a brief abstract of the correspondence should be given without quoting reference to number and date of the correspondence. All details necessary for a clear and succinct statement of a case should be given, e.g., (1) the identity of the transactions, (2) the nature and magnitude of the irregularity, (3) the extenuating circumstances, if any, (4) the factor in the system or the agent responsible, (5) the remedial or preventive measures adopted, and (6) the adequacy of such remedial or preventive measures.

SUBMISSION AND DISPOSAL OF AUDIT REPORT.

13. The Finance Department of the Government will take into consideration any recommendations or orders of the Public Accounts Committee or the Legislative Council and forward to the Comptroller the report of the Public Accounts Committee and the recommendations of the Legislative Council thereon, and any orders that may be passed by the Government as the executive authority giving effect to the views of the Legislative Council.

APPROPRIATION REPORT.

14. The Appropriation part of the Report deals with --

(i) General Financial Review,

(ii) Changes of classification in the accounts,

(iii) Appropriation Accounts and explanations for excesses, and

(iv) Results of appropriation audit on behalf of the Execu-

Executive Government.

GENERAL FINANCIAL REVIEW.

16. In this section, the general results of the year under report should be reviewed, actuals compared with Budget estimates and actuals for the previous year and attention drawn to the broad feature of the finances of the year.

CHANGES IN CLASSIFICATION.

17. All changes in the accounts classification sanctioned ~~for~~ or effected during the year, whether under the orders of the Comptroller himself, or under those of the Government should be mentioned in section (ii) of the report, with the reasons for the changes made; in each case so that a complete record of the changes from time to time may be available in the Appropriation Reports.

APPROPRIATION ACCOUNTS.

18. In section (iii) will be printed appropriation accounts and explanations for excesses over grants. Voted and non-voted items should be shown in separate statements. Each statement should be in two parts, i.e, (1) a consolidated statement by grants and (2) a subsidiary statement of grants by minor heads, leading up to the figures in Part (1).

The figures of actual expenditure in these statements should be the final figures as they stand after the accounts of the year to which they appertain have been closed. Every endeavour should be made to include all journal entry transactions in these figures. The ~~main~~ object of these statements is to enable the Public Accounts Committee and the Government to satisfy themselves that expenditure has been incurred within the scope of the demands granted by the Legislature or the Government, and all comments and explanations should be framed with this object in view.

Financial Secretary.